

A Status Report to Congress on

The Renovation of the Pentagon



Prepared by
The Office of the Secretary of Defense

March 1, 2000



Annual Status Report to Congress

March 1, 2000

10th Edition

This report is provided to the Congress in compliance with Title 10 United States Code, Section 2674. This requires the Secretary of Defense to submit an annual report on the status of the renovation of the Pentagon Reservation, and a plan for the renovation work to be conducted in the fiscal year beginning in the year in which the report is transmitted.

This is the tenth annual report submitted in compliance with 10 USC 2674. The report covers accomplishments to date and actions proposed for FY 2000. In addition, information is included on several related projects which support the overall objectives of operations and maintenance of the Pentagon Reservation.

Message from the Program Manager

MESSAGE FROM THE PROGRAM MANAGER

This is a landmark year for the Pentagon Renovation Program. Ten years ago, during the infancy of the Pentagon Renovation planning, the demise of the Soviet Union had not occurred nor the terrorist bombing of United States government facilities, both stateside and abroad. Also, the rapid expansion of information technology, which occurred during the 1990's was just on the horizon. These fact-of-life events, coupled with lessons learned during the execution of this formidable endeavor, have precipitated changes in the program.

Over the past year, internal program reviews, which utilized knowledge gained during performance of work in Basement/Mezzanine Segment 1 and Wedge 1, clearly demonstrated that dramatic changes needed to be made to comply with Congressionally capped cost limits and keep overall program costs to a minimum. Simply stated, if the program were to continue on its previous course, we were likely to exceed the cost parameters established by Congress - we needed to take strong measures. Briefings were provided late in the fiscal year to the Deputy Secretary of Defense who provided strong guidance to make the modifications necessary to achieve the budgetary goals for the program. Thus, very aggressive cost reduction initiatives are being implemented.

The restructured program will be more modest than we had hoped but it will achieve the major renovation and repair goals promised to Con-

gress at the outset of the program. Unfortunately, it will not achieve some of the other work and goals that have previously been reported. For example, while the restructured program will remove all hazardous materials from the building, provide a new utilities infrastructure and flexible modern office space, it will not support continued work in the remaining basement segments other than demolition and abatement. The Renovation Program's ability to perform work related to repairs of the exterior light well concrete walls and to install the automated energy management and control systems as previously planned is at serious risk.

Key to minimizing the overall Renovation Program cost is focusing on core renovation and renovation related tasks. Projects such as repair and construction of external bridges and utility systems on the reservation and major realignment of tenant organizations within the Pentagon, while making good business sense and having worthy outcomes, are not directly tied to the renovation of the Pentagon and thus, cannot be accomplished through the Renovation Program under the current fiscal reality.

As part of our strategy to achieve our cost and quality goals, we are developing an innovative design/build incentivized contract for the remaining renovation work. If this contracting approach is successful, we will be able to reduce the renovation workforce significantly, dramatically reducing program operating costs. This will result in a phased drawdown of renovation workforce by approximately two-thirds over a four-year period.



Message from the Program Manager

It is anticipated that this downsizing can be accomplished without a reduction-in-force, proceeding instead with an orderly transition of personnel back to the parent organizations from which they were originally drawn.

In summary, with the changes we are implementing, I believe that we can complete the Pentagon renovation and remain within the spending limits imposed by law. To do this, the Pentagon Renovation Program has developed a "Back-to-Basics" approach designed to achieve the basic elements of renovation that were promised to Congress. In order to control program costs, the revised program will not achieve other elements of renovation, which while certainly desirable from a life-cycle cost perspective are simply not affordable under current fiscal realities while absorbing inflation over the next 10 years. Nevertheless, there remains the opportunity to dramatically improve building operations and efficiency, to improve the quality of life for building tenants, and to provide the taxpayer with significant value for the monies we expend. No one should be under the illusion that accomplishing this program within the spending limits will be a trivial exercise - the management challenges alone are monumental. However, our goals remain the same: tenants will occupy a building that meets



Walker Lee Evey, Pentagon Renovation Program Manager

all applicable building codes, is free of hazardous material, has modern and flexible office space, is compliant with the Americans with Disabilities Act, is significantly more secure, contains a state-of-the-art information and telecommunications system, and has room for future expansion.

With the wholehearted support of everyone involved in this program, I am confident that we will be successful in completing the renovation "*On Cost, On Schedule, and Built for the Next Fifty Years.*"

A handwritten signature in blue ink that reads "Walker Lee Evey".

Walker Lee Evey